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FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 4960
RUEKJCS/SECDEF WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
RHHMHBA/COMPACFLT PEARL HARBOR HI//N541// PRIORITY
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY
RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY
RHMFIUU/USFJ PRIORITY
INFO RUEHFK/AMCONSUL FUKUOKA 5551
RUEHNH/AMCONSUL NAHA 7881
RUEHNAG/AMCONSUL NAGOYA 3022
RUEHKSO/AMCONSUL SAPPORO 6068
RUEHOK/AMCONSUL OSAKA KOBE 9360
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SIPDIS

STATE FOR I/RF, PA/PR/FPC/W, IIP/G/EA, EAP/PD, R/MR,
EAP/J, EAP/P, PM;
USTR FOR PUBLIC AFFAIRS OFFICE;
TREASURY FOR OASIA/IMI;
SECDEF FOR OASD/PA;
CP BUTLER OKINAWA FOR AREA FIELD OFFICE;
PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR

E.O. 12958: N/A

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SUBJECT: TOKYO MEDIA REACTION - U.S.-CHINA DIALOGUE

¶1. LEAD STORIES: Top items on Wednesday morning included a draft LDP policy manifesto for the August 30 general election, in which the ruling party calls for a review of the current constitutional interpretation regarding the ban on collective defense.

¶2. "U.S. Policy Turnaround for Economic Reconstruction" On U.S.-China strategic and economic dialogue (SED), the liberal Tokyo Shimbun wrote (7/29): "The U.S., which is trying to revamp its economy through massive spending programs, needs China to continue purchasing Treasury bonds. There was a reversal of roles in U.S.-China relations [at the SED], with China on the offensive and the U.S. on the defensive. China's bullish negotiating stance was another reminder for the world of its rapid emergence."

¶3. "Obama Administration Keen to Adopt Realistic Diplomacy" The moderate Yomiuri stated in a correspondent's report from Washington (7/29): "China maintains a strong influence over North Korea and its greenhouse gas emissions continue to increase. The U.S. will be required to cooperate with China in order to realize its goals in dealing with nuclear nonproliferation and environmental issues."

¶4. "China Keeps Tight Rein on U.S." The liberal Asahi commented (7/29): "The U.S. finds it difficult to urge China to revalue the yuan. Washington cannot afford to undermine Chinese economic growth, as there are high expectations that China will lead the global economy in the face of weak economic growth in the industrial economies.... On the other hand, given that a recovery of U.S.-bound exports is essential for a full-fledged recovery of the Chinese economy, Beijing on its part will not be able to cut back on purchasing U.S. Treasury bonds, which will finance the Obama administration's economic stimulus measures. There will be no choice left but for the U.S. and China to build a relationship in which the two 'cross the river together on the same boat.'"

ZUMWALT